
**COMMISSION MEETING
WEDNESDAY, SEPTEMBER 12, 2001
MINUTES**

Chair Orr called the meeting to order via telephone at 1:30 p.m. at Ocean Shores. He requested Commissioner McLaughlin conduct the meeting due to his physical absence. **Acting Chair McLaughlin** concurred and thought it would be appropriate for the meeting to begin with some thoughts on the national tragedy and suggested the group observe 30 seconds of silence.

Acting Chair McLaughlin introduced and welcomed Director Rick Day, and introduced the other attendees, as follows:

MEMBERS PRESENT:

COMMISSIONER GEORGE ORR, CHAIR (via telephone);
COMMISSIONER LIZ McLAUGHLIN, Acting Chair
COMMISSIONER MARSHALL FORREST;
COMMISSIONER ALAN PARKER;
SENATOR SHIRLEY WINSLEY; Ex Officio

OTHERS PRESENT:

RICK DAY, Director;
ED FLEISHER, Deputy Director, Policy & Government Affairs;
CALLY CASS-HEALY, Assistant Director, Field Operations;
DERRY FRIES, Assistant Director, Licensing Operations;
AMY PATJENS, Manager, Communications & Legal Dept.;
JERRY ACKERMAN, Assistant Attorney General;
SHIRLEY CORBETT, Executive Assistant

Acting Chair McLaughlin announced that the agenda for Wednesday and Thursday would be condensed into one day because the representatives bringing the promotional machines for their presentation couldn't be present due to air travel difficulties.

1. REVIEW OF AGENDA:

Amy Patjens, Manager, Communications & Legal Department, highlighted two items on the agenda. She said staff would be asking the Commission to vote to remove Item #8, Card Room Promotions, from the agenda. She noted that there have been ongoing discussions about promotions, and staff does not want to go forward with this specific proposal. Ms. Patjens reported that Mr. Tull has indicated that his organization will be withdrawing their petition for raising the betting limits for card games (Item #12) from today's meeting.

Commissioner Forrest commented that it might be worth reviewing the card room promotions. He advised that he is inclined to think that there is a difference between the Safeway and McDonalds and the card room promotions. He believed the Commission should take a "conservative" position insofar as the Commission has the legal authority to do so, and he asked staff to take that into account in future drafts.

Commissioner Parker asked if there would be an executive session. **Deputy Director Fleisher** said staff didn't have anything to report, however, an executive session could be added to the agenda if requested. **Commissioner Parker** advised that he was thinking about whether or not they have had some contact from people who indicated that there may be lawsuits filed regarding the promotional devices that had been scheduled for a demonstration, and he questioned whether that falls within the scope of an executive session discussion. **Mr. Ackerman**, Assistant Attorney General, affirmed. **Acting Chair McLaughlin** responded that an executive session would be held at the conclusion of this meeting if desired.

2. NEW LICENSES, CHANGES, AND TRIBAL CERTIFICATIONS:

Commissioner Forrest made a motion seconded by **Commissioner Parker** to approve the new licenses, changes and tribal certifications listed on pages 1 through 21 of the agenda packet under License Approvals. *Vote taken; the motion carried with four aye votes.*

3. GROUP IV QUALIFICATION REVIEWS:

Boys & Girls Club of Whatcom County, Bellingham:

Shanna Lingel, Supervisor, Financial Investigations Unit, reported that this organization was formed in 1968. Their mission is to inspire and enable all young people, especially those from disadvantaged circumstances to realize their full potential as productive, responsible and caring citizens. Licensed since 1974, the organization has 4,354 active members. Eighteen board members conducted 11 meetings during the last fiscal year. During 2000, the organization provided numerous program services including management and leadership services to Boys and Girls Clubs in Blaine. They offered new team sports programs including football, basketball and baseball and provided youth activities such as computer education, arts and crafts, and recreation programs.

For the fiscal year ending December 31, 2000, the organization did not meet its required combined net return percentage. However, the organization met its program services requirements and did not have excessive reserves. There are no pending administrative charges against the organization. Staff recommends that the Boys and Girls Clubs of Whatcom County be approved as a charitable organization and be authorized to conduct gambling activities in the state of Washington. She introduced Bingo Manager, **Kevin Mallahan** who came forward to answer any questions.

Commissioner Forrest asked if he thought they could make their requirements for the net return. **Mr. Mallahan** responded that they are currently renegotiating their lease with their landlord. Right now, they have the Bingo operation and the landlord has a card room and separately operates pull-tabs and a bar/food service. He reported their intention is to renegotiate a lease to take full control of the building, or they will not renew their lease at the end of February in 2002. The association has taken a stand on the fact that they need the entire facility in order to survive. If they do get the entire building, he was confident they would be able to meet their net return.

Acting Chair McLaughlin was impressed that they seemed to do better in 2000 than in 1999. **Mr. Mallahan** said the two years were actually pretty close. He reported they had been on a downslide since some major changes in the Bingo regulations which liberalized the prize structure, combined with the fact that the exchange rate has gone from 15 percent to 39 percent, combined with the fact that their Bingo hall lost 35 percent of the seating when the landlord opened a casino. Mr. Mallahan noted that all sorts of factors have led to their downslide. He confirmed they never had a punchboard and pull-tab license because the landlord had them. It was understood that if his organization sold punch board and pull tabs, their lease would not be renewed. He emphasized that his organization needed the entire building in order to make things work in this competitive market. He reiterated that if they are not able to negotiate the lease, they don't plan to play Bingo after February 2002.

Commissioner Forrest hoped they could reach a satisfactory lease agreement and urged the association to keep up the good work. He noted that Bingo returns aren't huge, but every little bit helps and wished the organization good luck.

Senator Winsley noted the executive director is making payments on a \$12,000 loan and asked if that was an unusual situation? **Mr. Mallahan** said he is not fully aware of the details, he affirmed the Gambling Commission staff had addressed that issue and an agreement was reached. He believed the association didn't know they weren't allowed to do that and they immediately replaced the executive director and paid a fine. Senator Winsley also noted the report indicated that the Boys and Girls Club of Whatcom County did not have contributions or donations for the fiscal year ending December 31, 2000. She asked if they had awarded scholarships of any kind during that year. Mr. Mallahan said he didn't know. He believed the monies had gone to the number of people they served and towards building a \$2 million facility. **Acting Chair McLaughlin** commented that contributions to the scholarships are outside of what they do for their organization. **Senator Winsley** asked if the person who served as an executive director for the overall facility had some involvement in the Bingo operation. **Mr. Mallahan** responded that the executive director is primarily responsible for the club activities. Senator Winsley verified the salary paid to that person didn't necessarily come out of the Bingo funds and Mr. Mallahan affirmed. The audience was given an opportunity to ask questions, but there were none.

Commissioner Forrest made a motion seconded by **Commissioner Parker** to approve the Boys & Girls Club of Whatcom County located in Blaine as a charitable organization and that they be authorized to conduct gambling activities in the state of Washington. *Vote taken; motion passed with four aye votes.*

Whatcom County Crisis Services, Bellingham:

Shanna Lingel, Financial Investigations Unit, reported that this organization was formed in 1979. Their mission is to provide crisis intervention services to people affected by sexual assault and harassment, including domestic violence and sexual abuse counseling, education, advocacy and referrals. The organization has been licensed since 1983 and is governed by a board of 14 active members who conducted 12 meetings during the last fiscal year. During the year 2000, the organization provided services through three main programs. The domestic violence program for people experiencing abuse in intimate relationships, abuse control training—a program for men who are or have been abusive toward their partners, and the sexual assault program which makes support and advocacy available to people affected by sexual assault and harassment. For the fiscal year ending December 31, 2000, the organization met its required combined net return percentage. The organization also met its program services requirement and did not have any excessive reserves. At present there are no pending administrative charges against the organization.

Staff recommends that the Whatcom County Crisis Services of Bellingham be approved as a charitable organization and be authorized to conduct gambling activities in the state of Washington.

Ms. Lingel announced that Kathleen Marshall, Executive Director, called to say that she would be unable to attend because of the national tragedy. Ms. Lingel said that if anyone had questions she would be glad to take them back to Ms. Marshall. **Commissioner Forrest** thought this matter appeared to be straightforward enough that it could be taken care of without delay. The audience was given an opportunity to provide testimony, but there were no comments.

Commissioner Forrest made a motion seconded by **Commissioner Parker** to approve the Whatcom County Crisis Services located in Bellingham as a charitable organization and that they be authorized to conduct gambling activities in the state of Washington. *Vote taken; motion passed with four aye votes.*

4. HOUSE-BANKED CARD ROOMS:**Last Frontier Restaurant & Lounge, d/b/a/ Nob Hill Casino, Yakima:**

Artis Collins, Program Manager, Licensing Division, reported that this organization applied for a license to operate up to eight tables of house-banked card games. The organization was formed as a privately held Washington corporation in January 1990. It is authorized to issue up to 100,000 shares of stock of which 7,800 shares have been issued: 3,900 to James and Susan Kent, who are the president and treasurer, respectively, and 3,900 shares to Harry Mickleson, vice president, for 50 percent ownership collectively. The applicant presently holds a punch board/pull tab Class C license and amusement game Class A license which expires on December 31, 2001.

Special Agents from the Financial Investigations Unit conducted a criminal and personal history background investigation for all substantial interest holders and initiated and completed the financial investigation on both the corporate and individual stockholders' finances which included spouses. During the investigation, no disqualifying information was found. Special Agents from the Field Operations Division completed an onsite preoperational review and evaluation (PORE) in accordance with the rules of the Commission and the applicant was found to be in compliance. Based on the results of the licensing investigation and PORE, staff recommends Nob Hill Casino be licensed to operate a house-banked enhanced card room with up to eight tables with a maximum \$25 betting limit.

Mr. Collins introduced James and Susan Kent and Mr. Max Faulkner.

Senator Winsley noticed that Mr. Kent still has 92,200 shares to sell. **Mr. Kent** affirmed and explained that originally they thought they might want to issue/sell some stocks in order to raise collateral in the operation. He noted the original owners still have the business and they had no plans to sell shares. Senator Winsley asked about the value of the shares. Mr. Kent believed they were \$10 per share, which was a recommendation from their attorney. Mr. Kent said he is a novice to this business, other than having punch board/pull tabs, which they've had for a number of years. He affirmed they have a great management group and he had full confidence in turning the operations over to them. They have been in the business for three years and they know the ins and outs and he didn't, so they created an association. An opportunity was given to the audience for questions or discussions and there were none.

Commissioner Parker made a motion seconded by **Commissioner Forrest** to approve licensure for Nob Hill Casino to

operate a house-banked enhanced card room with a maximum \$25 betting limit.

Commissioner Parker noted by way of discussion, and that it was not inappropriate at this juncture to note that they have been given some material from the Washington Indian Gaming Association, referring the Commission to a news article from the South County Journal, and that news article in turn refers to a comment by a Mr. Dowen who is developing a casino in Algona. Commissioner Parker noted for the record, the investigation of Nob Hill's Casino application is an example of the Commission doing its job. He emphasized that contrary to Mr. Dowen's expression in the article, the facilities in Washington are investigated and the Commission is assured that the facilities and the owners don't simply meet some minimum standard, and are not members of the mob. He noted that what's been presented to the Commission shows that our licensees are people who are investing their own resources to go into business and based on a clean investigation, the Commission is being asked to approve their application. There were no further comments from the public or the Commissioners. *Vote taken; motion passed with four aye votes.*

Crazy Moose Casino, Pasco:

Artis Collins, Program Manager, reported this organization had applied for a license to operate up to 15 tables of house-banked card games. The organization was formed as a privately held Washington corporation in April 2001. This organization is authorized to issue 10,000 shares of stock of which 9,000 shares have been issued. 3,000 shares were issued to Robert Mitchell, President, 3,000 shares to Stephen Bowman, and 3,000 to Carl Jacobsen. At this time the licensee has no other active license. Special Agents from the Financial Investigations Unit conducted a criminal and personal history background investigation of all substantial interest holders and initiated and completed a financial investigation on both the corporate and individual stockholders finances. No disqualifying information was found. Special Agents from the Field Operations Division completed on-site PORE in accordance with the rules of the Commission, and the applicant was found to be in compliance.

Based on the result of the licensing investigation and PORE, staff recommends this organization be licensed as a house-banked public card room authorized to operate up to 15 tables. Mr. Collins introduced Stephen Bowman. **Mr. Bowman** said he was one-third owner of the Crazy Moose Casino. He introduced Victor Mennana, one of his partners involved in the operation of the business.

Senator Winsley said she was confused as to how the shares were sold and how someone could go into business without even owning 10 percent of their shares. **Jerry Ackerman**, Assistant Attorney General, responded that this is standard in formation of corporations. Typically, when a corporation is formed, they will request or file with the Secretary of State the information necessary to incorporate, and part of that is they will allow themselves a reserve amount of shares which the corporation does not intend to sell at that time. The shares are typically assigned a nominal value—it could be a dollar, it could be ten dollars, or it could be a thousand dollars, but the controlling shareholder in the corporation is whoever owns more than 50 percent of the issued shares. Mr. Ackerman said there are really no restrictions; it is simply a matter of how the founding parties wish to set up the corporation control design in the issue of shares.

Commissioner Parker asked if someone who had been approved for a license from the state, sold interest in their facility to an outside party, whether that transaction would be scrutinized by the Commission and investigations done in terms of the proposed ownership of those outstanding shares? **Mr. Ackerman** responded that it is his understanding that any party that acquires an interest in the license would be subject to scrutiny by the Commission staff. **Derry Fries**, Assistant Director, Licensing, affirmed that 10 percent or more of the interest would require an investigation.

Acting Chair McLaughlin asked Mr. Bowman if he had any statements to make or questions he wished to ask, and he responded in the negative. She also gave an opportunity for the audience to comment, no one came forward.

Commissioner Parker made a motion seconded by Commissioner Forrest authorizing the Crazy Moose Casino located in Pasco to be licensed to operate a house-banked enhanced card room with a maximum \$25 betting limit. Vote taken; the motion passed with four aye votes.

Acting Chair McLaughlin noted that with these approvals, the number of active licenses in the state of Washington is 67 active, and one inactive license. **Mr. Fries** affirmed. Acting Chair McLaughlin explained that she wished to clarify that because so many people think there's a new card room on every corner of every city.

Commissioner Parker asked if anyone knew what the market would bear—the 75 licenses represent 10 percent of what the market may be, or 90 percent. He asked if anyone had any idea. **Mr. Fries** responded that staff originally thought that a total of 40 facilities would be a good figure, but they don't know. He noted that staff originally licensed 78 operations and administratively closed 53 of those. **Chair Orr** suggested they direct staff to compare other states to Washington for population versus the amount of card rooms. **Acting Chair McLaughlin** believed that might be difficult since every state has a different kind of gambling.

Mr. Fleisher, Deputy Director, said he has been surprised over the last five years how elastic the market is in this state and the amount of growth that we've had. He affirmed that Commissioner's Parker question of what can the market bear is interesting, and that staff hasn't done that analysis. In reference to comparing with other states, he affirmed staff could get data that will compare the amount of gambling that occurs in other states to this state. As far as card rooms, there isn't much to compare because every state is so different. Washington is the only state other than Nevada that has house-banked card rooms. **Commissioner Parker** asked if it would be possible to sort this out and compare apples to apples so the Commission is looking at a comparison with similar types of gambling that's been licensed or legalized and whatever other similarities in terms of the demographics of the state, or other factors that might be considered relevant. He said it seemed like it's a question that's been raised because of public and legislative interest.

Director Day affirmed staff would determine if there are any reasonable comparisons they could do. If nothing else, at least look at per capita statistics. **Acting Chair McLaughlin** asked what the possibility would be of looking at how many Blackjack tables there are in the various states. Director Day indicated that part of the discussion might be that there aren't an extreme number of states that have the combination of gambling that Washington has. He gave an example of Montana not having Blackjack tables, therefore, staff would have to determine which states do allow Blackjack and perhaps focus on that particular game, to see if it's possible to make a comparison with Washington.

Acting Chair McLaughlin noted that some of the nonprofit Bingo industry has indicated that the extended card rooms cause the problem for them and Bingo is all they have. She asked if it was a possibility to check out extended card rooms as well as pull-tabs and Blackjack games. **Commissioner Forrest** thought this is really a businessman's exercise of judgment and that it would be pretty hard to draw the data statistically state-by-state. **Mr. Fleisher** said he thought staff could try by looking for the data -- the number of facilities and the number of tables; however, the point he wanted to make was the larger states we would be comparing to would be like comparing apples to oranges. What other states have in non-tribal casino gaming is generally either machines only, like in Montana, or in large facilities like in Mississippi and New Jersey. Mr. Fleisher said we are really the only state in the nation that has paid casinos or house-banked facilities, as we know them. **Chair Orr** responded that Idaho has tribal casinos and he has been led to believe that although they don't play cards, they have machines. He noted that Northern Quest in Spokane County has had an impact on the Coeur d'Alene tribal casino. Chair Orr also addressed riverboats that allow gambling, and affirmed there are a lot of questions that could be asked and very diverse circumstances that would dictate the answer. Chair Orr appreciated Commissioner Parker's concern because these issues do come up. He noted there are 67 licensed card rooms in the state, which is a little less than two per county for 39 counties and indicates there must be a tremendous ban on them in some heavily populated areas. **Mr. Fleisher** affirmed saying four of the larger cities in the state—Seattle, Bellevue, Mercer Island and Vancouver have banned them, which is part of the reason that they are unequally distributed.

Acting Chair McLaughlin asked if there were any other comments and there were none. She suggested staff do what they could and report back at the October or November meeting.

5. DEFAULT ORDER - LICENSE REVOCATION:

Lee R. Evans, Card Room Employee:

Amy Patjens, Manager, Communications & Legal Department, reported that Mr. Evans was originally licensed in January of 2000. Since that time staff learned that he is on probation for convictions of reckless driving and driving while his license was suspended in the third degree. Mr. Evans failed to disclose these convictions on his original application as well as four other convictions, two for consuming or possessing liquor by a minor, one for reckless driving and another conviction for driving without a valid operator's license. Former Director Bishop brought charges against Mr. Evans and the charges were sent by certified and regular mail. Additionally, staff also called Mr. Evans. Staff extended the time for him to request a hearing because he said he hadn't received the materials, and the commission has

still not received a request from him. Staff explained to Mr. Evans that they would be asking for a default order if they did not receive a request for hearing. By not responding to the charges, Mr. Evans has waived his right to hearing. Staff recommends the Commission revoke Lee Evans' Card Room Employee license. **Commissioner Marshall** commented this case was pretty straightforward.

Commissioner Forrest made a motion seconded by **Commissioner Orr** to revoke Lee Evans' Card Room Employee license. *Vote taken; motion passed with four aye votes.*

6. DEMONSTRATION OF "PROMOTIONAL" DEVICES - Rescheduled for October 2001.

7. MINUTES - August 9th and 10th, 2001:

Commissioner Forrest made a motion seconded by **Commissioner Parker** to approve the Regular Meeting Minutes of August 9th and 10th, 2001 as presented. *Vote taken; motion carried unanimously.*

RULES UP FOR DISCUSSION

8. Card Room Promotions:

WAC 230--40-897:

Ms. Patjens suggested the Commission vote to remove these rules from the agenda because staff would probably bring a different package forward and would like them presented to the study group session prior to being addressed at the Commission Meeting. She indicated the package would probably be included in the November agenda. It was decided that a formal motion to remove the rules package was unnecessary, but that staff could remove the package from further consideration.

9. Licensed Raffles:

WAC 230-20-325 and 230-20-334:

Amy Patjens reported these rule were filed after the last Commission meeting and are up for discussion today. They deal with discount schemes for charities that are conducting raffles, as well as when a charity wants to use an alternative method of drawing for raffle. Currently, with both rules, the nonprofit has to get advanced approval from staff to use either the discount schemes or alternative method of entry. This becomes cumbersome for the licensees and for staff, especially when the particular discount scheme or the alternative method has not changed from year to year. Staff recommends further discussion.

Acting Chair McLaughlin called for questions and there were none. The meeting was opened for public testimony. There were no comments. The agenda item will be heard again at the October meeting.

10. Re-Opening a House-Banked Card Room After Closure:

WAC 230-40-801 and WAC 230-04-207:

Cally Cass-Healy explained this rule proposal sets forth the requirements a licensee must follow to reopen their house-banked card room after temporary closure. It clarifies operating procedures which are currently handled through policy and staff believes these procedures will insure the security and integrity of the card games have not been compromised in any way when a card room is closed.

Commissioner Forrest said that he assumed that most of the seven-day closures were imposed by the Commission.

Ms. Cass-Healy affirmed. Commissioner Forrest asked if in theory this would apply even if they just closed for a couple of weeks in January. Ms. Cass-Healy said they could, or it might be a small remodel or some similar closure.

Commissioner Forrest said it would also apply in the case of a Commission suspension. **Acting Chair McLaughlin** opened the meeting for public testimony. There were no comments. She said this would be addressed again next month.

RULES UP FOR DISCUSSION AND POSSIBLE FILING

11. Licensing Fees:

WAC 230-04-202; WAC 230-04-203; WAC 230-04-204; and WAC 230-08-017:

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Amy Patjens noted there has not been a fee increase in two years. Initiative 601 limits how much fees can be increased. The fee increases have to be consistent with the fiscal growth factor, which is 2.79 percent for this year. At the August meeting, the Commission requested staff consider two options, one with fee increases for all licensees whether commercial and nonprofit, and a second option with fee increases for commercial operators only. The proposed fee increases are divided that way. Since that time Ms. Patjens had an opportunity to talk with Commissioner McLaughlin, who said that her question was simply what would the difference be in the amount of revenue if the fee increase was only applied for commercial operators? The difference would be about \$80,000 if a fee increase were implemented right now which would be effective January 1. The amount of revenue that would come in from January 1 through the end of the biennium would be approximately \$500,000. Eighty-seven percent of the agency's funding is from commercial licensees. The actual difference if the fees were not increased for the charities – the loss of revenue would be about \$80,000 compared to the \$30 million budget for the biennium.

Ms. Patjens pointed out that if the Commission wanted to distinguish between the commercial operators and the nonprofits on the fee increases, they could, and if so, that could be decided today. Or, they may want to file both versions of the rules and postpone the decision. Another option would be to increase the fees for commercials and not the nonprofits. If they wanted to decide that today, then the Commission would want to file Alternative #2 of the first rule which is 5A and then Alternative #2 of 5C. The rules also include the reduced fees for the limited fund raising events. That rule also adds a \$350 per table fee for those operators that want to use the tables with the electronic facsimiles of cards. **Acting Chair McLaughlin** commented that the Commission hadn't approved the tables yet. Ms. Patjens affirmed noting the tables are still in the development stages. She recommended further discussion on the rule package.

Acting Chair McLaughlin opened the rules for discussion. She noted the nonprofits are having a tough time existing right now, and asked how the commercial operators felt about not imposing an increase on the nonprofits at this time?

Bob Brennan, owner of Royal Casino, Everett, said that he would speak on behalf of his own property, not on behalf of the RGA. He believed the situation that the nonprofits are in would warrant no increase. Whether the commercial operators have to subsidize that or not, may be a matter of how much the commercial operators could subsidize that as well. However, under the conditions they are currently in today, he didn't see how an increase was possible.

Chair McLaughlin called for further opinion and there was none. **Commissioner Forrest** recommended that the Commission move to file both alternatives and sort it out when all the Commissioners are present.

Commissioner Forrest made a motion seconded by **Commissioner Orr** to file for further discussion the license fees with their alternatives under WAC 230-04-202, -203, -204, and WAC 230-08-017.

Commissioner Parker inquired if these rules were up for discussion in October, would they appear on the agenda for final action in November. **Ms. Patjens** affirmed. **Acting Chair McLaughlin** asked when they would be effective. Ms. Patjens said they would be effective in January 2001. **Commissioner Parker** asked if the Commission could defer from imposing an increase on nonprofits because of their well-established, well-known financial challenges. Addressing the report, he noted a nonprofit with a gross in the \$3 million range, would be paying a fee of \$7,662 and the increase then would be 2.9 percent of that. **Ms. Patjens** affirmed. **Commissioner Parker** said the question he was trying to get at is: How significant is that in terms of a \$3 million operation, and what are the other policy considerations? Licensees pay a fee because the Commission, who is set up by law to regulate them, is also required to impose a fee because we don't get the appropriations from the state. He asked if we were to waive the fee this time, where would that take us?

Mr. Fleisher responded by addressing Alternative 1 of WAC 230-04-202, with the strikeouts and the underlining is the version that does have the increases in the example. In terms of the question of the long-range implications, because of the way I-601 works, the Commission cannot raise a license fee more than the fiscal growth factor (which is 2.79 percent this year) in any fiscal year. Assuming a decision was made not raise the fees in the current fiscal year, this does not in any way preclude the Commission from raising fees in any following fiscal years. **Commissioner Parker** inquired if that sets a precedent, and the next year, there's an expectation that the increase will again be waived because from all the presentations made to the Commission, we don't envision dramatic changes in the economic picture. Mr. Fleisher responded that it would certainly not be a legal precedent, and it would be up to the Commissioners whether this is a

policy precedent. Mr. Fleisher indicated the Commission could make their intentions clear as to whether this is a statement of precedent, or that given the situation, this was a one-time exception. **Chair Orr** said that if he heard correctly, his impression was how Initiative 601 related to the Commission's whole budget and he thought those were valid questions. He stated he was in favor of filing, however, he was not endorsing this as a policy until the Commission knows the total fiscal impact and how it relates to I-601.

Acting Chair McLaughlin noted there was a motion to file both licensing fee alternatives. She called for further discussion. There was none. *Vote taken; the motion passed unanimously.*

12. Petition for Rule Change - Raising Betting Limits for Card Games:

WAC 230-40-120:

Amy Patjens noted there seems to be an intent to withdraw this petition. She pointed out that the petition as presented would increase the betting limits to \$500, (which would be the same betting limit available in the tribal casinos) after the facility has been open for six months and approved for Phase II.

Bob Brennan, President, RGA, said the RGA would like to withdraw the current petition and re-file a multi-option petition. The RGA hoped this could be filed for the Commission's consideration next month. He stated that the RGA, along with the staff, would continue to work together to analyze the issues and look for compatible solutions that work for licensees, regulators, and their customers. He thanked the Commission for their consideration. **Acting Chair McLaughlin** stated there would be no action on Item #12.

13. Other Business/General Discussion/ Comments from the Public:

Chair Orr addressed the desire to conduct a retreat for the Commission and Executive Director next month. He said he would like to have the Commissioners, the Director and some staff participate in a retreat in Spokane on Tuesday afternoon/evening and have more conversation on Wednesday if they weren't finished. He noted the meeting would be open to the public unless there are confidential issues like negotiations, land acquisitions, etc., and that no decisions would be made in those sessions. He thought this was the right time, with a new director and several commissioners who are relatively new, and with the next legislative session rapidly approaching. He referred to a news article indicating that Senator Prentice and the Senate Committee would be meeting in Spokane, and affirmed there are a lot of things on the plate, and it would be a good time for the Commission to discuss them. He announced his intent to call for an Executive/Commission retreat at the October Commission meeting, barring situations that are limited by law.

Commissioner Forrest thought it was a good idea if they could fit the meetings in between the regular meetings.

Acting Chair McLaughlin informed him that there is a slight possibility that she would not be available in October, and she would definitely not be available in November.

Chair Orr addressed Commission meeting locations and dates for year 2002, and affirmed a proposed list had been developed at his request. He noted that given some logistic issues, commitments had to be contracted for January (Sea Tac area) and February (Olympia), and he recommended the March meeting be held in Pasco or Spokane. He noted the rest of the proposed schedule is for the Commission to look at and comment on. He cautioned that in order to secure the identified properties, contracts would need to be confirmed in the very near future. **Commissioner Parker** asked if now would be a good time to discuss the whole question of economizing in time for the meetings. He said he is one commissioner in favor of simply having meetings alternatively on the west side and the east side and not imposing the burden on everybody of four or five hour round trips to destinations such as Ocean Shores or La Conner. He emphasized that he has absolutely nothing against these locations or their people, but he didn't see what the commission is gaining in exchange for the imposition of time and energy to take the Commission meetings to these different places. Chair Orr agreed, and added that this was something they could perhaps discuss at the retreat. He addressed meeting once a month versus meeting once every six weeks, which would result in eight meetings a year instead of eleven. He asked if that wouldn't be good public policy without compromising commission functions that need to get done and without compromising Commissioner's work and personal schedules.

Acting Chair McLaughlin acknowledged that monthly meetings are difficult for those commissioners who are still employed. **Chair Orr** believed a week out of each month is tangled up getting ready for the monthly meeting by staff

and the commercial and charitable industries. He asked if it would be better for the Commissioners, staff and the charitable and commercial licensees to look at condensed meetings while still getting the same amount of work accomplished. Chair Orr expressed his desire to get the best bang for the buck. He appreciated Commissioner Parker's comments and believed it's significant fodder for next month, particularly given the fact that hotel reservations need to be contracted six to eight months out. He believed that over the long haul, the Commissioners certainly needed to debate the issues to find out what's best for the agency and the industry. Acting Chair McLaughlin agreed it is something they should discuss at the retreat. She responded that she knows how she feels, and if there are fewer meetings, with the schedule she anticipated, she might not see a Commissioner for six months. Chair Orr agreed that was another problem. If they met every other month, and if any one of the Commissioners, for business, personal, or health reasons missed a meeting, that person could be out of the loop depending on timing. He concluded that they needed take a look at the schedule and be ready to make a decision next month.

Commissioner Parker verified that there would be a meeting October 10 and 11 in Spokane. On the evening of the 10th, following their regular session, which is scheduled to begin right after lunch, they would commence the retreat. He asked what time schedule Chair Orr had in mind. **Chair Orr** responded that if they started early he hoped they could finish by Wednesday or Thursday evening. He hoped that fit everybody's schedule. Commissioner Parker asked if it would be possible to have an agenda in advance. Chair Orr concurred. **Director Day** said he wanted to make sure they were all on the same page, that the retreat would at this point be the evening of the first day of the Commission meeting and that they would have the retreat after the normal course of business.

Chair Orr responded that if the Commission could get to Spokane in a timely manner on Tuesday, they could do some business on Tuesday and use Wednesday afternoon to finish up. **Commissioner McLaughlin** clarified that the evening of Tuesday would be a time that the Commission could meet, and she questioned if there would be meetings on Wednesday morning. **Chair Orr** responded that they could because the regular meetings are held Wednesday and Thursday. He wanted to poll the Commissioners to find out if Tuesday was convenient. He suspected not, so he thought they could meet Thursday after the Commission Meeting, then grab a bite to eat, and even work through lunch and dinner, with adequate breaks so they could get through an agenda regarding the philosophies of gambling and what the Commissioner's role is, meeting issues, and education on agency policies. Commissioner Orr indicated that he would like all the Commissioners to understand what their role is, what the law is, and have a better understanding of the rules they approve. **Commissioner Forrest** said he is willing to cooperate, but, that it would be easier to have dinner the evening before and have the meeting that evening and conclude all the business at the end of the regular meeting on Thursday. **Commissioner McLaughlin** said she would prefer starting Tuesday evening, and if they didn't finish up, continuing on Wednesday evening, and supported being able to leave at the end of the meeting on Thursday.

Commissioner McLaughlin said that one of the things she would like to discuss is changing from Thursday/Friday to Wednesday/Thursday meeting dates. She thought everyone had been polled about the change, and it appears they weren't. She questioned if the Wednesday/Thursday timeframe is good for everyone. **Chair Orr** said that might have been his fault, because he was getting the message that traveling on Friday was tough. Also, philosophically, if one completes something on Friday night and they don't get back to the job site until Monday morning, it loses some of its pizzazz. He assumed, and he apologized, that logistically Thursday was a better day of travel, and it was a better business decision even for the agency and the licensees.

Director Day verified whether Tuesday or Wednesday evening would be the start time for the retreat. **Commissioner McLaughlin** suggested they ask **Commissioner Ludwig**, which would break the tie. **Commissioner Forrest** concurred. **Director Day** asked if the Commission would object to having staff through the agency's assistant director level attend.

Commissioner Forrest said it would certainly be okay for at least part of the session. **Commissioner McLaughlin** said there might be times when they would like to discuss things with just the director.

Senator Winsley suggested that as long as everyone is flying over Tuesday, she thought they would be wasting the evening by not getting started on Tuesday evening. **Commissioner Parker** said he heard a recommendation from Senator Winsley to start the retreat on Tuesday if staff is available. **Commissioner McLaughlin** said she thought they were going to ask Commissioner Ludwig whether he could make it. **Director Day** clarified that since the study sessions usually start at 10:00 a.m. the first day, that most of the staff would be in Spokane Tuesday evening. Commissioner Parker asked if that would be a block of time available to begin a retreat session. Director Day said it could work either

way, that evening and the next morning during the study session, staff could make arrangements to have the retreat going on simultaneously with the study session. Director Day affirmed that would provide a four-hour block Wednesday morning and if additional time was needed they could come back that evening and still adjourn on schedule.

Commissioner Parker consented. He guessed they all had different ideas about what the idea of the retreat is, but he agreed with the suggestion that normally you have a block of time and have a break because you need an opportunity to reflect on things, maybe have some discussion or get ideas from other people and reassemble. The whole idea of the retreat is to consider some basic and very fundamental questions about the Commissioner's role, and the role of the Commission itself. He emphasized they also need to have a basis of agreement in terms of recommendations to make to the Legislature. **Commissioner McLaughlin** concurred and again asked if Commissioner Ludwig could be contacted because he wasn't here to give his opinion. **Commissioner Forrest** said for his travels it would be easier to get there on Tuesday evening then continue the next day. He wasn't in favor of being dangled over to the last day. Commissioner McLaughlin and Commissioner Parker agreed. **Chair Orr** concurred and directed staff to plan for Tuesday evening and continuing on Wednesday. **Commissioner McLaughlin** asked what if Commissioner Ludwig couldn't meet on Tuesday, and reiterated that she didn't want him left out of the opportunity to meet. Chair Orr affirmed that Commissioner Ludwig would be contacted to verify his availability.

Director Day readdressed the January and February meeting dates and affirmed they are already contracted, however, he noted the Commission also needed to look at the March date, or take the risk of losing the location. He requested the Commission deliberate whether they want to change the meeting schedule, or confirm dates through the month of March. **Acting Chair McLaughlin** affirmed they needed to get through March before anything else is changed. Since the Commission is meeting Spokane in October, she asked when they were last in Pasco. She was informed it was in March and she asked what everyone would think of going back to Pasco in March. There was consensus and it was announced the Commission would meet in Pasco in March.

Senator Winsley commented on the proposed calendar and said she was disappointed they were not scheduled to meet in the Leavenworth and Wenatchee area. She believed the purpose behind having monthly meetings was because the Legislature felt the Gambling Commission should go around the state and meet in as many communities as possible. She believed the Wenatchee area is a population area that the Commission needed to visit. In reviewing the proposed 2002 scheduled, she believed the Commission was meeting too many times in the Spokane and Vancouver communities when there are other communities where they should meet. If the purpose is to get around the various communities, and Senator Winsley believed that was the intent of the Legislature, she couldn't see coming to Spokane three times in one year and Vancouver twice, and not going to some of the other places. She concurred with the east/west concept.

Chair Orr explained that it had been his direction to find facilities close to airports to reduce travel time. He apologized and noted that in order for folks to travel in the southwestern part of the state, Portland and therefore Vancouver was easy to access. If one is going to the center of the state, Sea-Tac is most accessible, and if one travels to the eastern side, Spokane is the easiest to access. He also believed it was less expensive and more efficient to meet around those airports. He concurred further discussion would be conducted when the Commission has their retreat. **Commissioner McLaughlin** said that when she agreed to be on the Gambling Commission, one of the things that she was told was that the Commission met once a month and it met throughout the state. That was one of the reasons that she thought it would be a great commission to serve on—to be able to see all the different people and find out about the state and what they are doing. Chair Orr said that's true, and if that were so, perhaps it would be ill advised to change logistical strategies. He believed there are many good points on both sides of the consideration, which will be discussed next month.

There were no other comments. At 3:15 p.m., Acting Chair McLaughlin convened an executive session. The executive session adjourned at 4:15 and the public meeting was reconvened.

14. Adjournment

With no further business, **Acting Chair McLaughlin** adjourned the meeting at 4:20 p.m. and announced the next meeting would take place in Spokane on Wednesday, October 10th and Thursday, October 11th.

Minutes submitted to the Commission for approval by:

Shirley Corbett
Executive Assistant

(This meeting was recorded by Television Washington)